

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3283 - HB 3960

March 1, 2010

SUMMARY OF BILL: Requires credit for depreciation of rail improvements made by railroad companies at the time when funds are deposited into the Transportation Equity Fund (TEF) following the sale of a short line railroad company.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – An exact loss of revenue to the State Transportation Equity Fund can not be determined but is estimated to be approximately 25 percent of total funds paid to the Tennessee Department of Transportation (TDOT) as a result of selling any short line railroad companies.

Assumptions:

- According to TDOT, grants are made to railroad authorities to ensure continued rail service. There are 15 railroad authorities in the state. Approximately \$12.7 million in grants were awarded in FY08-09. No information exists regarding the repairs conducted by railroad companies. It is estimated that 50 percent of grant dollars are used for repairs.
- A proportionate share of state grant funds must be repaid if the railroad company is ever sold or discontinues service.
- Crediting depreciation on repairs made by railroad companies at the time of sale will reduce state revenues by reducing the amount owed under the terms of TDOT grants.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

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